

Franchise Tax Board**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Scott Analyst: Norman Catelli Bill Number: SB 1660
Related Bills: See Prior Analysis Telephone: 845-5117 Amended Date: August 1, 2002
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Teacher Retention Credit Clarification/Solar Energy System Definition/Eliminate Sunset Date/Joint Strike Fighter Reference/Repeal Expired OID Provisions

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED

☒ June 18, 2002. STILL APPLIES.

OTHER - See comments below.

SUMMARY

Provisions of this bill would:

- add definitions to the Solar Energy Credit, and
- eliminate the sunset date for the court-ordered debt collection program.

This bill also contains provisions, sponsored by the Franchise Tax Board, to:

- correct a cross-reference error in the Teacher Retention Credit,
- correct an erroneous reference in the Joint Strike Fighter Credit, and
- repeal obsolete language with respect to original issue discount treatment.

SUMMARY OF AMENDMENT

The August 1, 2002, amendment makes non-substantive technical corrections to the Teacher Retention Credit to correct cross-reference and grammatical errors.

PURPOSE OF THE PROVISION

The purpose of the provision added by the amendment is to eliminate a cross-reference error in the law that could cause confusion about what qualifies as "years of service" when computing the amount of the credit.

Board Position:

<input checked="" type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
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<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

8/12/02

EFFECTIVE/OPERATIVE DATE

This provision would be effective and operative on January 1, 2003.

POSITION

Support. On December 13, 2001, the Franchise Tax Board voted unanimously to sponsor the language included in this Taxpayers' Bill of Rights proposal related to clarifying the Teacher Retention Credit.

ANALYSIS

FEDERAL/STATE LAW

Existing federal and state laws provide various tax credits designed to provide tax relief for taxpayers that incur certain expenses (e.g., child adoption) or to influence behavior, including business practices and decisions (e.g., research credits or economic development area hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that they might not otherwise undertake.

Current state law allows a tax credit for credentialed teachers based upon the taxpayer's years of service as a credentialed teacher.

The credit cannot exceed 50% of the amount of tax that would be imposed on a teacher's salary, excluding pensions or other deferred compensation, after application of the standard deduction or itemized deductions.

THIS BILL

This provision of the bill would correct a cross-reference error in the existing statute. Specifically, it changes a cross-reference from a non-existent subdivision (d) to "paragraph (2) of subdivision (c)," the correct subdivision to be referenced. The amendment also makes some corrections in grammar for the correct use of "that" and using the adjective "educational" rather than the noun "education."

IMPLEMENTATION CONSIDERATIONS

Implementing this provision would not impact the department's programs or operations.

TECHNICAL CONSIDERATIONS

In Revenue and Taxation Code Section 17052.2 (b) (1) (E), the term "qualified educational institution" is used. When that term is defined in Section 17052.2 (c) (2), the term "Qualifying" is used rather than the term "Qualified." To avoid confusion one term should be used consistently.

FISCAL IMPACT

No departmental costs are associated with this provision.

ECONOMIC IMPACT

This provision would not impact state tax revenue.

LEGISLATIVE STAFF CONTACT

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